

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8199

BILL NUMBER: HB 1979

DATE PREPARED: Jan 25, 1999

BILL AMENDED:

SUBJECT: LIFE scholarship program.

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FUNDS AFFECTED: X **GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Indiana lifelong learning incentive for excellence (LIFE) scholarship program to provide scholarships to Indiana residents for postsecondary education. It provides for administration of the program by the state student assistance commission. It sets forth the amount of a scholarship award, subject to appropriations of the general assembly. It provides eligibility criteria for potential recipients to meet.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Passage of this bill would increase requests for student awards under this program and administrative costs for the State Student Assistance Commission.

Student Awards: The scholarships would allow for the minimum scholarship amounts by type of institution:

<u>Type of Institution:</u>	<u>Minimum</u>	<u>Maximum (estimated)</u>
Public Universities	\$3,584 (est. by SSACI)	\$3,584 (est. by SSACI)
Private Not For Profit Institutions	\$3,000 (specified by bill)	\$6,000 (est. by SSACI)
Proprietary Institutions	\$1,000 (specified by bill)	\$9,000 (est. by SSACI)

note: public university awards include tuition, approved mandatory fees and \$300 book allowance

The estimated number of students who are residents of Indiana are shown in the following table:

	<u># of residential students</u>		<u>% with B avg. or better</u>		<u># of eligible students</u>
Public Universities	90,234	x	36%	=	32,484
Private Not For Profit	16,782	x	50%	=	8,391
Proprietary Institutions	5,523	x	43%	=	2,375

Based on the number of eligible students, the additional requests for student awards would be between \$144 million and \$198 million depending on whether students receive the minimum or estimated maximum awards. The combined appropriations recommended by the Budget Committee for the Higher Education Awards, the Freedom of Choice Awards and the 21st Century Scholars awards for FY 2000 is \$95.6 million. Assuming that these three awards would be applied first, and that this scholarship will be applied afterward, the potential demand for student awards resulting from this bill would range from \$48.3 million to \$102.4 million per year.

Administrative Costs: SSACI estimates that passage of this bill would affect SSACI in three areas.

Added Staff -- SSACI would need three additional staff members for a combined \$130,000 to handle the additional students, school audits and business relations. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions (11 vacant positions as of December 31, 1998), including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Mailing Costs -- SSACI would incur an average \$4 for each additional student that would be eligible for the LIFE scholarship and who is not included in its current data base.

Computer Programming Costs: SSACI indicates that to implement the LIFE Scholarships, it would have to contract with computer consultants to redesign the necessary computer code.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, State Universities.

Local Agencies Affected:

Information Sources: Nick Vesper, State Student Assistance Commission, Commission on Higher Education, US Department of Education's Integrated Postsecondary Education Data System.